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Message Text

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20
ACTION TRSE-00

INFO OCT-01 EUR-25 NEA-10 ISO-00 AID-20 CIAE-00 COME-00

EB-11 FRB-02 INR-10 NSAE-00 RSC-01 XMB-07 OPIC-12

SPC-03 CIEP-02 LAB-06 SIL-01 OMB-01 DRC-01 /113 W
---------- 036168
R 010828Z APR 74
FM AMEMBASSY KUWAIT
TO SECSTATE WASHDC 9171
INFO AMEMBASSY ABU DHABI
AMEMBASSY BEIRUT
AMEMBASSY CAIRO
AMEMBASSY JIDDA
AMEMBASSY LONDON
AMEMBASSY PARIS

C O N F I D E N T I A L KUWAIT 1242

DEPT PASS TREASURY AND FRB

EO 11652: GDS
TAGS: EFIN, KU
SUBJ: KUWAIT BANKING AND INVESTMENT NOTES

1. EMBOFF WAS TOLD BY USUALLY RELIABLE LOCAL FINANCIER THAT WHEN TERM OF PRESENT MANAGING DIRECTOR AL-AHLI BANK TERMINATES THIS SPRING, LOCAL BANK'S MANAGEMENT CONTRACT WITH CREDIT LYONNAIS WILL NOT BE RENEWED. SOURCE SAID THAT FIRST NATIONAL BANK OF BOSTON AND OTHER BANKS COMPETING TO TAKE OVER MANAGEMENT OF AL-AHLI BANK.

2. COMMENT: AL-AHLI BANK ONE OF NEWEST BANKS IN KUWAIT AND HAS ASSETS OF ALMOST KD 200 MILLION (KD 1 EQUALS $3.38). IN 1973 WHILE OTHER BANKS HERE WERE LOSING MONEY, AL-AHLI BANK EARNED A PROFIT OF OVER KD 1 MILLION. SOME LOCAL BANKERS CONSIDER PHILIPPE DUJARDIN, A GRADUATE OF THE HARVARD BUSINESS SCHOOL, ONE OF THE MOST EFFECTIVE BANKERS IN KUWAIT. HOWEVER, FACT THAT CREDIT LYONNAIS IS OWNED BY GOF HAS APPARENTLY CAUSED PROBLEMS
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FOR AL-AHLI OWNERS WHO ARE NOW SEEKING TO ENTER INTO MANAGEMENT

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AGREEMENT WITH A PRIVATE FOREIGN BANK. IF AL-AHLI MANAGEMENT GOES TO AMERICAN BANK IT WILL BE THE THIRD KUWAITI BANK TO BE MANAGED BY AMERICANS AND THIS WOULD MEAN THAT IN A PERIOD OF LESS THAN A YEAR, ONE-HALF OF KUWAITI BANKS WOULD BE AMERICAN MANAGED COMPARED TO NONE PRIOR TO 1974. END COMMENT

3. IN ANOTHER DEVELOPMENT WE ARE INFORMED THAT THE KUWAIT FOREIGN TRADING, CONTRACTING, AND INVESTMENT CO (KFTCIC) WILL LIMIT ITS FOREIGN INVESTMENTS NOW TO AFRICA, INCLUDING EGYPT. MEANWHILE, WE SENSE A GROWING INTEREST AND DESIRE BY KUWAITI BUSINESSMEN TO INVEST IN EGYPT ALTHOUGH SOME, INCLUDING THE KUWAIT INVESTMENT COMPANY (KIC) ARE CAUTIOUSLY HOLDING BACK FOR NOW. NEVERTHELESS SHOULD THE INVESTMENT CLIMATE IN EGYPT CONTINUE TO BE POSITIVE EVEN THE MORE CAUTIOUS KUWAITIS CAN BE EXPECTED TO INVEST SUBSTANTIAL AMOUNTS IN EGYPT SINCE THEY AGREE THAT BUSINESS OPPORTUNITIES ARE CONSIDERABLE, PROVIDED THE LEGAL AND POLITICAL FRAMEWORK REMAINS APPROPRIATE.

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